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Includes PSD Changes: No
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Unscheduled Report
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DIALOG BETWEEN MEXICAN AND U.S. SUGAR INDUSTRIES CONTINUE

The U.S. and Mexican sugar industries continue to meet with the goal of reaching a bilateral sweeteners deal. The legal advisor from the Mexican Chamber for the Sugar Industry indicated that "things continue to work" and that "there is goodwill on both sides." Another meeting to continue working together is anticipated by the end of May in Mexico City. (Source: *Financiero*, 4/25/04)

THE NATIONAL AGREEMENT ON AGRICULTURE HAS A "BAD HARVEST"

Since the National Agreement on Agriculture was signed a year ago, the benefits for the sector are not still clear, mainly financing. Corn, bean and pork producers agree that this sector does not have credit, and since the agreement was signed, the opportunities have stagnated. In addition to the lack of financing, Mexico has spent US$410 million purchasing basic grains from the United States during the first two months of 2004, an increase of 14.8 percent compared with the same period in 2003. (Source: *Reforma*, 4/25/04)

MEXICO LOST THREE BILLION DOLLARS

During the ten years of NAFTA, Mexico lost US$2.98 billion due to import duties not collected for over-quotas of U.S. corn, dry edible beans and barley imports, said the Mexican Lower House. When NAFTA was negotiated, it was agreed that special treatment would be afforded these commodities through import tariff rate quotas (TRQs). The Agreement states that once these commodities surpassed the TRQs, import tariffs would be paid. In all cases, the TRQ's were surpassed but import tariffs were not charged as it was considered as Mexico's shortage problem, which was not addressed in NAFTA. (Source: *Reforma*, 4/20/04)

THE ALIMENTARY INDUSTRY ENDORSES LAW TO REGULATE TRANSGENIC PRODUCTS

The alimentary industry urged the Lower Chamber to approve the Bio-safety Law to give certainty to the Mexican companies that currently have to import technology to develop its own products. This law will establish a legal framework that allows giving an appropriate use to the transgenic products without inhibiting the scientific investigation. Jose Enrique Tron, President of the National Chamber of Industrialized Corn, was quoted as saying: "We are in favor of the law because it gives certainty to the investment expansion and the investigation in Mexico. The industry has to go farther every time to get the inputs that it requires." (Source: *Reforma*, 4/20/04)

CAMPESINO GROUPS SUPPORT BAN ON IMPORTS OF TRANSGENIC CORN

Rural organizations and environmentalists called on the federal government to assume recommendations of the Joint Public Advisory Committee (JPAC), which is part of the North America Commission for Environmental Cooperation (CEC). Specifically, they support the prohibition of imports of transgenic corn into Mexico until the risks to human health, cultural integrity of maize producers in Mexico and the environment are better understood. They considered that such recommendation will be validated by the CEC and transmitted to the Secretariats of Environment of Mexico, Canada and the United States. (Source: *El Financiero* and *La Jornada*, 4/22/04)

IICA SAYS THE U.S. FARM BILL NEGATIVELY AFFECTED MEXICAN AGRICULTURE

According to a local newspaper, the U.S. Farm Bill of 2002 negatively affected the structural disadvantages of Mexican agriculture in relation to the United States. Among other things, it incorporated a labeling law that has protectionist objectives. Moreover, the Farm Bill determined contingent funds to support U.S. producers before the fall of international commodities prices. This conclusion comes from the evaluation of the Inter-American Institute of Cooperation for Agriculture regarding the impact that this bill has had in Mexico. (Source: *El Financiero*, 4/21/04)

ESTIMATED LOSS OF US$2.98 BILLION DUE TO SMUGGLING OF DRY BEANS

The Federal Deputy and former Secretary of Agricultural Development in Zacatecas, Antonio Mejia-Haro, revealed that more than 300,000 MT of dry beans enter Mexico as contraband every year. He said the smuggling causes losses calculated at US$2.98 billion due to tax evasion. Also, he said that customs' officials, importers and distributions are part of this network. "The system that they use is through the railroad", he affirmed. He referred that the legumes enter illegally into the country from Venezuela, the United States and Nicaragua. "While the Zacatecas production of approximately 350,000 tons a year is undersold, there is approximately 100,000 tons of dry beans in storage which can be marketed at a fair price," he said. Therefore he demanded that the federal government curtail the smuggling issue and close the border to illegal imports. (Source: *Excelsior*, 4/22/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX4051	Weekly Highlights & Hot Bites, Issue #16	4/20/04
MX4052	BSE Update, Fifth Edition	4/21/04
MX4053	Mexico to Overhaul Import Requirement Procedures for Animals and Animal Products	4/23/04

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